

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 PA-01 PRS-01 USIA-06 SP-02 AID-05 EB-07

NSC-05 RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01

CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-02

OPIC-03 LAB-04 SIL-01 L-02 H-01 /079 W

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R 071400Z JAN 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 3422

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E.O. 11652: N/A

TAGS: EMIN, EFIN, PE

SUBJECT: PERUVIAN PRESS REPORTS CUAJONE FINANCING PACKAGE COMPLETED

REF: LIMA 10247

1. FRANK ARCHIBALD, PRESIDENT OF SPCC, CALLED CHARGE FROM CALIFORNIA EVENING OF JANUARY 5 TO INFORM HIM THAT AN ANNOUNCEMENT WAS BEING RELEASED AT THAT TIME TO THE EFFECT THAT CUAJONE PROJECT FINANCING HAD BEEN COMPLETED. ARCHIBALD DID NOT GO INTO DETAILS BUT DID SAY THAT ALL NECESSARY STEPS HAVE NOW BEEN TAKEN AND THAT THE PACKAGE HAS FINALLY BEEN WRAPPED UP.

2. JANUARY 6 LIMA DAILIES HEADLINED CUAJONE PACKAGE HAS BEEN COMPLETED, NOTING THAT FINAL STEP WAS INTERNATIONAL FINANCE CORP. (IFC) LOAN OF \$15 MILLION TO SPCC WHICH WAS ANNOUNCED JANUARY 5. (NOTE: THIS IS PRESUMABLY ANNOUNCEMENT TO WHICH ARCHIBALD MADE REFERENCE TO CHARGE.) "LA CRONICA," WITH HEADLINE READING "\$620 MILLION READY FOR CUAJONE," QUOTES DANIEL RODRIQUEZ HOYLE, LOCAL VICE PRESIDENT OF SPCC: "I AM VERY PLEASED BY THIS NEWS. I THINK THAT THIS INVESTMENT REPRESENTS A LIMITED OFFICIAL USE

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RECOGNITION OF THE ENORMOUS EFFORT UNDERTAKEN BY THE

MANAGEMENT OF THE COMPANY BY ITS WORKERS AND CONTRACTORS DURING MANY YEARS." "EL COMERCIO" PUBLISHED TEXT OF IFC RELEASE IN TOTO WHICH NOTES THAT TOTAL COST OF THE PROJECT WILL REACH \$620 MILLION, APPROXIMATELY \$404 MILLION OF WHICH IS IN THE FORM OF LOANS FROM FOUR SOURCES: \$200 MILLION FROM THE CHASE MANHATTAN BANK CONSORTIUM WHICH INCLUDES 29 U.S., EUROPEAN, AND JAPANESE BANKS; \$140 MILLION IN CREDITS FROM OTHER U.S. AND BRITISH COMPANIES AND BANKS (INCLUDING EXIM), AND A CONSORTIUM ORGANIZED BY THE BANK OF BRAZIL AND THE BANCO DE CREDITO DEL PERU \$40 MILLION FURNISHED BY BRITISH AND JAPANESE COPPER BUYERS THROUGH LLOYDS BANK INTL, LTD., ORION TERM BANK OF LONDON, AND A GROUP OF JAPANESE BANKS ORGANIZED BY THE BANK OF TOKYO; AND THE \$15 MILLION (NOTE: PRESS FROM IFC. ACCOUNTS DIFFER SO THAT FOREGOING DETAIL DOES NOT ADD TO TOTAL.) DRAWING ON THE IFC RELEASE, "LA PRENSA" STATES "BANKS ASSURE FINANCING FOR CUAJONE." ALL STORIES NOTE THAT TOTAL COST WILL REACH \$620 MILLION AND THAT COMPANY PRESENTLY SUPPORTS 22,000 WORKERS AND THEIR DEPENDENTS. STORIES ALSO STATE THAT REMAINING \$216 MILLION IS BEING CONTRIBUTED BY SPCC AND ALSO BY BILLITON METALS CO. NV OF THE NETHERLANDS.

3. COMMENT: ARCHIBALD SEEMED PLEASED AND IT APPEARS THAT THE PACKAGE HAS FINALLY OVERCOME ALL HURDLES. WE PRESUME THAT SPCC WILL BEGIN DRAWING DOWN ON LOANS IN THE IMMEDIATE FUTURE. PRESS PLAY, FOR ITS PART, HAS BEEN STRAIGHTFORWARD, ALTHOUGH "LA CRONICA" COULD NOT RESIST POINTING OUT THAT, ALTHOUGH THE FINANCING IS FOREIGN, PERU "THANKS TO ITS NATIONALISTIC MINING POLICY WILL RECEIVE MORE THAN HALF THE PROFITS OF THE MINE," INCLUDING \$90 MILLION IN FOREIGN EXCHANGE IN 1976 WHICH WILL INCREASE TO \$150 MILLION ANNUALLY BY 1982. "LA CRONICA" AND "LA PRENSA" ALSO MAKE POINT THAT MINING COMMUNITY AT SPCC IS GRADUALLY ACQUIRING 50 PERCENT OWNERSHIP OF THE COMPANY.  
BARNEBEY

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